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January 5, 1993

Lynden, Incorporated
Sea-Tac Office Center
18000 Pacific Highway South
Suite 800
Seattle, Washington 98188

Attn: Mr. Bob Strong

Proposal
Semi-Annual Ground-Water Monitoring
Alaska Marine Lines
7100 Second Avenue Facility
Seattle, Washington

Dear Mr. Strong:

1.0 INTRODUCTION AND BACKGROUND

Dames & Moore is pleased to present this proposal to implement a Semi-Annual Ground-Water Monitoring program at the above-referenced site. Dames & Moore has previously completed several subsurface investigations as part of an underground storage tank closure process conducted at the site. These investigations were designed to evaluate the potential for soil and/or ground-water contamination associated with a 10,000-gallon gasoline and 10,000-gallon diesel underground storage tank (UST) formerly on site.

As a result of these investigations, the USTs were removed and one-year quarterly ground-water monitoring data was obtained to evaluate ground-water quality within the vicinity of the former tanks. Analytical results indicated evidence of soil and ground-water contamination on the subject property; however, the source of the contamination is likely associated with the former USTs and potential historic on-site activities. The presence of relatively high levels of benzene without similarly high levels of gasoline or other petroleum aromatic compounds suggests a source of benzene contamination other than the former USTs.

A total of seven ground-water monitoring wells (MW-1 through MW-7) were sampled throughout a two-year period at the site. Each well was tested for total petroleum hydrocarbon (TPH) as gasoline and diesel, as well as benzene, toluene, ethylbenzene, and xylene (BTEX). Analytical results indicated TPH as diesel concentrations in two wells (MW-6 and MW-7) and benzene concentrations in three wells (MW-2, MW-3 and MW-4) exceeded Washington State Department of Ecology (Ecology) Model Toxics Control Act (MTCA) Method A cleanup levels.

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Based on the presence of TPH and benzene in several on-site wells, we recommend that ground-water monitoring be extended for a period of one year. Ground-water samples will be collected in the seven on-site wells (MW-1 through MW-7) on a semi-annual basis.

2.0 PURPOSE AND SCOPE OF SERVICES

The purpose of the ground-water monitoring program described herein is three-fold: (1) to further monitor the TPH and benzene concentrations previously detected in on-site wells, (2) to evaluate the potential for off-site migration, and (3) to evaluate the ground-water results for future monitoring activities.

The ground-water monitoring program will be conducted in accordance with Ecology's guidelines/regulations for Remediation of Releases from USTs and MTCA. In addition, all site activities will be in accordance with field procedures previously implemented by Dames & Moore and documented in our prior reports. The site activities will be conducted by a Dames & Moore geologist.

Dames & Moore will provide the following services:

- Ground-water samples will be collected from on-site monitoring wells on a semi-annual basis for one year. Samples will be collected from seven on-site wells and analyzed for the presence of gasoline and diesel using Ecology's approved methods WTPH-gasoline and WTPH-diesel and for the presence of benzene, toluene, ethylbenzene, and xylene (BTEX) by EPA Method 8020. Sample blanks and rinsate samples will be collected and analyzed for BTEX with each sampling event;
- Groundwater generated during the sampling events will be stored in 55-gallon Department of Transportation (DOT) approved drums, labeled, and stored in a pre-determined on-site location selected by Alaska Marine Lines. Following receipt of the analytical results, Dames & Moore will provide assistance to Alaska Marine Lines in selecting an appropriate disposal option;
- Following the first sampling event, a semi-annual report will be provided summarizing the field procedures and analytical results. Following the second sampling event, a yearly report will be compiled summarizing the field activities and analytical results obtained to date. An evaluation of the data will be included as well as recommendations for future site activities. Following review of the draft reports, the reports will be forwarded to Ecology.

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3.0 SCHEDULE AND ESTIMATED CHARGES

Dames & Moore proposes to provide its services on a time and materials basis in accordance with the attached Schedule of Charges and General Conditions Form B. A breakdown of the estimated cost for the proposed scope of work is presented in Table 1.

Samples will be collected twice for one year at the site. Initial samples will be collected in February (approximately six months since the last sampling event in August 1992) and final samples will be collected after a six month period (i.e. August 1993). After the initial sampling event a letter report will be prepared within two weeks after receiving the laboratory reports. The final report will be prepared within four weeks of receiving the laboratory reports. Typical laboratory turn-around time is three weeks. Reports will be sent draft and finalized following client approval.

In preparing this cost estimate we have made the following assumptions:

- Costs associated with collecting and analyzing groundwater from seven on-site monitoring wells twice a year are included. Based on Ecology's review process, a potential exists that additional sampling may be requested or that Ecology will require installation of additional wells. If additional sampling or well installation is required beyond the scope of services described herein, the cost will increase accordingly;
- Alaska Marine Lines will provide 55-gallon drums for storage of generated ground water. Alaska Marine Lines will also identify a location on-site where the drums can be temporally stored until a disposal option can be assessed;
- Costs for off-site disposal/treatment of purge water are not included;
- Site access will be provided by Alaska Marine Lines.

4.0 WARRANTY AND LIABILITY

The terms and limits of our liability are provided in the attached General Conditions (Form 115.6 (2.92/B)), which are made a part of this proposal. We call your attention to the warranty and liability provision in Section 2.0. Unless negotiated otherwise prior to the start of our services, Dames & Moore's liability will be limited as described therein.

Dames & Moore trusts the services outlined in this proposal meet your current requirements. If this proposal is satisfactory, please complete the attached authorization statement to indicate your approval of the



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scope of services and acceptance of our limitation of liability terms. A signed, complete copy of this proposal returned to us will serve as Dames & Moore's formal authorization to proceed.

Thank you for the opportunity to be of assistance. Please contact me if you have any questions or require further assistance.

Respectfully submitted,

DAMES & MOORE, INC.

A handwritten signature in cursive script, appearing to read "Ingrid M. Williams".

Ingrid M. Williams
Project Manager

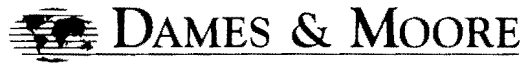
A handwritten signature in cursive script, appearing to read "Mark P. Molinari".

Mark P. Molinari
Senior Geologist

Enclosure

Table 1 - Estimated Costs
Schedule of Charges
General Conditions - Form B

cc: Mr. Bill Troy
Alaska Marine Lines



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AUTHORIZATION

The scope of services and contractual conditions as described in this proposal are acceptable and Dames & Moore is authorized to proceed. Issuance of a Purchase Order and/or your signature in the block provided herein will be considered as authorization to proceed, however, the Terms and Conditions presented herein will govern this agreement.

By: _____
Signature* Printed

For: _____
Company Date

*Individual with authority and company responsible for payment of Dames & Moore services.

TABLE 1
ESTIMATED COSTS
7100 2ND AVENUE

Description	Amount (\$)	Units	Total (\$)	Annual Total (\$)
SEMI-ANNUAL QUARTERLY GROUNDWATER SAMPLING				
Field Personnel	60/hr	12	720	1440
Transportation	50/day	1	50	100
Equipment	150/day	1	150	300
D&M Laboratory				
WTPH-D	90/sample	7 samples	630	1260
BTEX & G	110/sample	9 samples	990	1980
Handling (15%)	90		243	486
Misc. Equipment	150	1	150	300
QUARTERLY DATA COMPILATION				
Data Input	60/hour	4	240	480
Contour Maps	45/hour	3	135	270
Computer	15/hour	4	60	120
REPORT PREPARATION				
Senior Geologist	125/hour	3	375	750
Staff Hydrogeo.	60/hour	8	480	960
Computer	15/hour	8	120	240
Word Processing	45/hour	3	135	270
Clerical	50/hour	3	150	300
Subtotal (\$)			4,628	9,256
CJCC (2.5%)			116	232
TOTAL (\$)			4,744	9,488



SCHEDULE OF CHARGES UNITED STATES

The compensation to Dames & Moore for our professional services is based upon and measured by the following elements, which are computed as set forth below.

1.0 PERSONNEL CHARGES

1.1 Charges for employees are computed by multiplying the total direct salary cost of our personnel (expressed as an hourly rate) by a factor of 2.5. The total direct salary cost shall be a sum equal to the direct payroll cost (computed by dividing the annual payroll cost by 1,940 hours) plus 40 percent of same to cover payroll taxes, insurance incident to employment, sick leave and other employee benefits. The time of a retained consultant devoted to the project is charged at an assigned billing rate.

1.2 The 40 percent employee benefit factor is used for work performed by personnel assigned to offices in the United States. For work performed by personnel in our offices in other countries, it will vary depending on the employee benefits paid in the particular location.

1.3 When outside the United States, employees' total direct salary cost will be increased by the premium customarily paid by other organizations for work at the location.

1.4 Time spent in either local or inter-city travel, when travel is in the interest of the work, will be charged for in accordance with the foregoing schedule; when traveling by public carrier, a maximum charge of eight hours per day will be made.

2.0 EQUIPMENT CHARGES

2.1 Computer control of project costs will be billed at a rate of \$1.25 per each \$50 of job charges or fraction thereof.

2.2 Other Dames & Moore equipment, if used, will be billed at the rates noted in the proposal. Where not noted in the proposal, equipment will be billed in accordance with the published rates in the current Dames & Moore Equipment Rate Catalog.

3.0 OTHER SERVICES AND SUPPLIES

3.1 Charges for services, equipment and facilities not furnished directly by Dames & Moore, and any unusual items of expense not customarily incurred in our normal operations, are computed as follows:

3.1.1 Cost plus 10 percent includes shipping charges, subsistence, transportation, printing and reproduction, long distance communication, miscellaneous supplies and rentals.

3.1.2 Cost plus 15 percent includes surveying services, land drilling equipment, construction equipment, testing laboratories, contract labor.

3.1.3 Cost plus 25 percent includes aircraft, watercraft, helicopter and marine drilling equipment and operation.



GENERAL CONDITIONS—FORM B

1.0 BILLING

- 1.1 Invoices will be issued every four weeks, payable upon receipt, unless otherwise agreed.
- 1.2 Interest of 1½% per month (but not exceeding the maximum rate allowable by law) will be payable on any amounts not paid within 30 days, payment thereafter to be applied first to accrued interest and then to the principal unpaid amount. Any attorney's fees or other costs incurred in collecting any delinquent amount shall be paid by the Client.
- 1.3 In the event that the Client requests termination of the work prior to completion of a report, Dames & Moore reserves the right to complete such analyses and records as are necessary to place its files in order and, where considered by it necessary to protect its professional reputation, to complete a report on the work performed to date. A termination charge to cover the cost thereof in an amount not to exceed 30% of all charges incurred up to the date of the stoppage of the work may, at the discretion of Dames & Moore, be made.

2.0 WARRANTY AND LIABILITY

- 2.1 Dames & Moore warrants that its services are performed, within the limits prescribed by its Clients, with the usual thoroughness and competence of the consulting profession, in accordance with the standard for professional services at the time those services are rendered. No other warranty or representation, either expressed or implied, is included or intended in its proposals, contracts, or reports.
- 2.2 Dames & Moore's liability shall be limited to injury or loss caused by the negligence of Dames & Moore, its subcontractors, and/or agents hereunder. Dames & Moore has neither created nor contributed to the creation or existence of any hazardous, radioactive, toxic, irritant, pollutant, or otherwise dangerous substance or condition at the site, and its compensation hereunder is in no way commensurate with the potential risk of injury or loss that may be caused by exposures to such substances or conditions.
- 2.3 Dames & Moore's liability for injury or loss arising from (1) professional errors or omissions and/or (2) radiation, nuclear reaction, or radioactive substances or conditions; and/or (3) any other toxic, irritant, pollutant, or waste gases, liquids, or solid materials shall not exceed \$100,000.
- 2.4 Dames & Moore's comprehensive general and automobile liability shall not exceed \$500,000.
- 2.5 Increased liability limits may be negotiated upon client's written request, prior to commencement of services, and agreement to pay an additional fee.
- 2.6 The Client agrees to defend, indemnify, and hold Dames & Moore harmless from any claim, liability, or defense cost in excess of the limits determined above for injury or loss sustained by any party from exposures allegedly caused by Dames & Moore's performance of services hereunder.
- 2.7 In the event the Client makes a claim against Dames & Moore, at law or otherwise, for any alleged error, omission or other act arising out of the performance of its professional services, and to the extent the Client fails to prove such claim, then the Client shall pay all costs, including attorney's fees, incurred by Dames & Moore in defending itself against the claim.